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## REPORT

### LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND (STATE OF LOUISIANA)

JUNE 30, 2001 AND 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

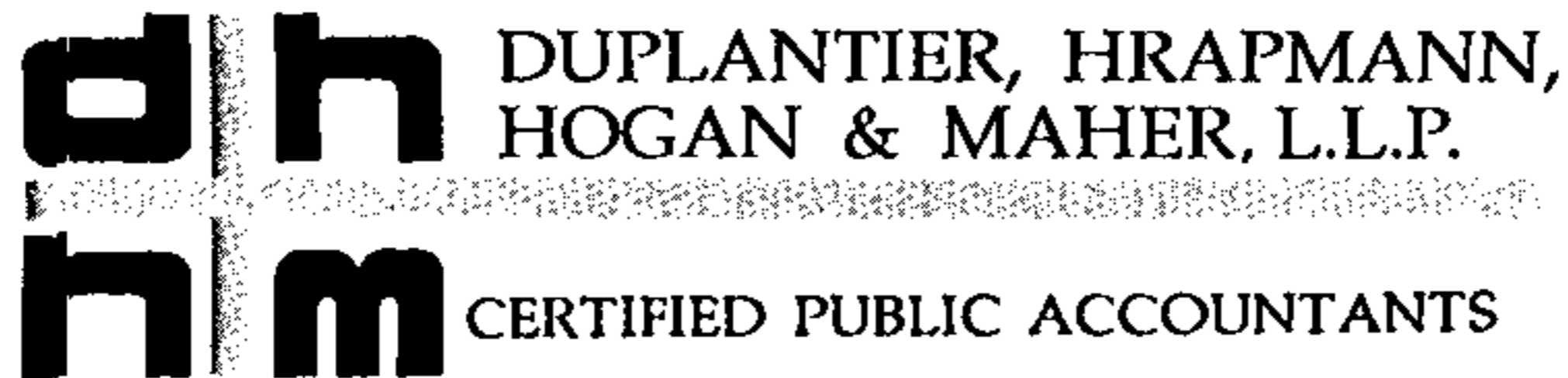
Release Date 12/12/01

LOUISIANA CLERKS' OF COURT  
RETIREMENT AND RELIEF FUND  
(STATE OF LOUISIANA)

JUNE 30, 2001 AND 2000

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## INDEPENDENT AUDITOR'S REPORT

October 12, 2001

Louisiana Clerks' of Court  
Retirement and Relief Fund  
11745 Bricksome Ave., Suite B-1  
Baton Rouge, LA 70816

We have audited the accompanying statements of plan net assets of the Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2001 and 2000, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2001 and 2000 and the results of operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We have audited the financial statements of the Fund for the years ending June 30, 2001 and 2000 and issued our unqualified opinion on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 19 - 21 and the supplemental schedules listed on pages 15 - 18 are presented for the purposes of additional analysis and are not a part of the basic financial statements. However, such required statistical information for the years ending June 30, 1996 - 2001 and supplemental schedules for the years ending June 30, 2001 and 2000 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 12, 2001 on our consideration of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Duslantier, Hapmann, Hoyer & Muehl P*

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
STATEMENTS OF PLAN NET ASSETS  
JUNE 30, 2001 AND 2000

|  | 2001                  | 2000                  |
|--|-----------------------|-----------------------|
| <b>ASSETS:</b>   |                       |                       |
| Cash:  |                       |                       |
| In bank  | \$ 948,750            | \$ 2,200,193          |
| Receivables:   |                       |                       |
| Member contributions   | 415,824               | 609,901               |
| Employer contributions   | 518,480               | 977,267               |
| Miscellaneous receivable   | 6,218                 | 4,676                 |
| Ad valorem taxes receivable  | --                    | 14,363                |
| Investment receivable  | 1,801,963             | 1,548,910             |
| Accrued interest and dividends   | 688,727               | 902,787               |
| Total receivables  | 3,431,212             | 4,057,904             |
| Investments at fair value: (Notes 1 and 6) (Page 16)                     |                       |                       |
| Corporate bonds  | 18,264,350            | 7,679,831             |
| U.S. Government bond and notes   | 5,663,902             | 10,637,907            |
| Mortgage backed securities   | 18,815,512            | 17,080,980            |
| Marketable securities  | 86,100,449            | 92,817,299            |
| Mutual fund  | 60,159,642            | 56,319,102            |
| Short-term cash equivalents  | 7,896,591             | 11,846,672            |
| Collateral under securities lending                                      | 9,071,523             | 15,118,196            |
| Total investments at fair value  | 205,971,969           | 211,499,987           |
| Property, plant and equipment: (Notes 1 and 10)                          |                       |                       |
| Net of accumulated depreciation \$68,418                                 |                       |                       |
| in 2001 and \$62,004 in 2000   | 30,321                | 32,715                |
| Total assets   | 210,382,252           | 217,790,799           |
| <b>LIABILITIES:</b>  |                       |                       |
| Accounts payable   | 238,160               | 203,692               |
| Withholding taxes payable  | 402                   | 408                   |
| Investment payable   | 4,632,978             | 5,611,814             |
| Obligations under securities lending                                     | 9,071,523             | 15,118,196            |
| Total liabilities  | 13,943,063            | 20,934,110            |
| <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>                     | <b>\$ 196,439,189</b> | <b>\$ 196,856,689</b> |
| (A schedule of funding progress for the plan<br>is presented on page 20) |                       |                       |

See accompanying notes.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

|   | 2001                  | 2000                  |
|---|-----------------------|-----------------------|
| ADDITIONS: (Note 1)   |                       |                       |
| Contributions:  |                       |                       |
| Member  | \$ 4,913,927          | \$ 4,790,034          |
| Employer  | 6,126,257             | 6,023,379             |
| Ad valorem tax  | 3,817,239             | 3,534,970             |
| Revenue sharing   | 322,194               | 322,210               |
| Total contributions   | <u>15,179,617</u>     | <u>14,670,593</u>     |
| Investment income: (Note 1)                                       |                       |                       |
| Net appreciation in fair value of investments                     | --                    | 1,915,522             |
| Interest income   | 5,900,515             | 5,434,220             |
| Dividend income   | 1,428,642             | 1,334,968             |
| Securities lending income   | 1,074,989             | 1,309,170             |
|   | <u>8,404,146</u>      | <u>9,993,880</u>      |
| Less: Investment expense:   |                       |                       |
| Net depreciation in fair value of investments                     | 9,535,513             | --                    |
| Custodial fees  | 19,340                | 15,246                |
| Money manager fees  | 750,090               | 790,936               |
| Consultant fees   | 60,000                | 50,000                |
| Securities lending  | 1,033,446             | 1,257,855             |
|   | <u>11,398,389</u>     | <u>2,114,037</u>      |
| Net investment income (loss)                                      | <u>(2,994,243)</u>    | <u>7,879,843</u>      |
| Other additions:  |                       |                       |
| Transfer fees collected   | 400                   | 320                   |
| Refund pay back and interest                                      | 13,455                | 62,139                |
| Transfer from another system                                      | 664,635               | 1,096,128             |
| Total other additions   | <u>678,490</u>        | <u>1,158,587</u>      |
| Total additions   | <u>12,863,864</u>     | <u>23,709,023</u>     |
| DEDUCTIONS: (Note 1)  |                       |                       |
| Annuity benefits  | 10,122,082            | 9,212,891             |
| Disability benefits   | 66,278                | 50,283                |
| Refunds to terminated employees                                   | 1,050,076             | 790,578               |
| DROP benefits   | 1,796,899             | 686,754               |
| Reimbursement to affiliate for administrative expenses (Note 8)   | 102,181               | 101,867               |
| Administrative expenses (Page 17)                                 | 137,434               | 127,480               |
| Depreciation  | 6,414                 | 2,749                 |
| Transfer to another system  | --                    | 300,779               |
| Total deductions  | <u>13,281,364</u>     | <u>11,273,381</u>     |
| NET INCREASE (DECREASE)   | (417,500)             | 12,435,642            |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR | <u>196,856,689</u>    | <u>184,421,047</u>    |
| END OF YEAR   | <u>\$ 196,439,189</u> | <u>\$ 196,856,689</u> |

See accompanying notes.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

The Louisiana Clerks' of Court Retirement and Relief Fund (Fund) was established and provided for by R.S. 11:1501 of the Louisiana Revised Statutes (LRS). The Fund is administered by a board of trustees made up of ten members composed of three directors of the Clerks' Association, one retired clerk, the immediate past president, the president, first vice-president and treasurer of the Clerks' Association, the chairman of the Retirement Committee of the Louisiana House of Representatives, and the chairman of the Finance Committee of the Senate, or their designees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA).

Basis of Accounting:

Louisiana Clerks' of Court Retirement and Relief Fund's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the Legislature.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Shares in external investment pools are equivalent to the cost value of the external investment pool.

Equipment and Fixtures:

Equipment and fixtures of the Louisiana Clerks' of Court Retirement and Relief Fund are accounted for and capitalized in the Pension Fund. Depreciation of fixed assets is recorded as an expense in the Pension Fund. All fixed assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation.

2. PLAN DESCRIPTION:

The Louisiana Clerks' of Court Retirement and Relief Fund is the administrator of a cost sharing multiple-employer plan. The Fund is a statewide retirement plan for the clerk of the supreme court, each of the courts of appeal, each of the district courts, and each of the city and traffic

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

2. PLAN DESCRIPTION: (Continued)

courts in cities having a population in excess of four hundred thousand, and the employees of such clerks, whether full-time or part-time, and the employees of the Louisiana Clerks' of Court Association. Employer and employee membership data as of June 30, 2001 and 2000 consists of:

|  | <u>2001</u>      | <u>2000</u>      |
|--|------------------|------------------|
| <u>Employer Members - Contributing</u>                           |                  |                  |
| Parish courts  | 64               | 64               |
| Supreme court  | 1                | 1                |
| Circuit courts of appeals  | 5                | 5                |
| City courts of New Orleans                                       | 2                | 2                |
| Traffic court of New Orleans                                     | 1                | 1                |
| Louisiana Clerks' of Court Association                           | 1                | 1                |
| Civil Court of New Orleans                                       | 1                | 1                |
| Criminal Court of New Orleans                                    | <u>1</u>         | <u>1</u>         |
| <br>TOTAL EMPLOYER MEMBERS - CONTRIBUTING                        | <br><u>76</u>    | <br><u>76</u>    |
| <br><u>Employee Members</u>                                      |                  |                  |
| Current retirees and survivors                                   | 672              | 645              |
| Terminated, nonvested, vested members not yet receiving benefits | 251              | 267              |
| DROP members   | 53               | 50               |
| Fully vested, partially and nonvested active employees covered   | <u>2,180</u>     | <u>2,121</u>     |
| <br>TOTAL PARTICIPANTS AS OF THE VALUATION DATE                  | <br><u>3,156</u> | <br><u>3,032</u> |

Those employees considered eligible for membership to the Louisiana Clerks' of Court Retirement and Relief Fund include all regular employees who work more than an average of 20 hours per week. Members are vested after 12 years of service time.

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years or more, and terminating employment. Regular retirement benefits, payable monthly for life, equal 3-1/3 percent of the member's average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the average monthly salary. Monthly average final compensation is based on the highest compensated thirty-six consecutive months, with a limit of increase of 10% in each of the last three years of measurement.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

2. PLAN DESCRIPTION: (Continued)

A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

A member who has been officially certified as disabled by the State Medical Disability Board shall be paid disability retirement benefits determined and computed as follows:

(1) A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of one-half of his monthly average final compensation or, at the option of the disability retiree, two and one-half percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed twenty-five dollars for each year of his credited service or two-thirds of his monthly average final compensation, whichever is less.

(2) A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to three percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed thirty-five dollars for each year of his credited service or eighty percent of his monthly average final compensation, whichever is less.

If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. Benefit payments are to commence on the date a member would have first become eligible for normal retirement assuming continued service until that time. In lieu of a deferred survivor benefit, the surviving spouse may elect benefits payable immediately with benefits reduced 1/4 of 1% for each month by which payments commence in advance of member's earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children shall be paid 1/2 of the member's accrued retirement benefit in equal shares. Upon the death of any former member with 12 or more years of service, automatic option 2 benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

2. PLAN DESCRIPTION: (Continued)

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who has been an active contributing member for one full year after becoming eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan for up to thirty-six months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allows the Board to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later. The increase may only be granted from investment earnings in excess of the valuation interest rate of 8%.

In lieu of granting a cost of living increase as described above, Louisiana statutes allows the board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

3. CONTRIBUTIONS, RESERVES AND FUNDS:

Contributions:

Contributions for all members are established by state statute at 8.25% of earnable compensation. The contribution is deducted from the member's salary and remitted by the participating parish or court.

According to state statute, contributions for all employers are actuarially determined each year. The actuarially determined employer contribution rate for fiscal years ending June 30, 2001 and 2000 was 7.03% and 7.31%, respectively. However, the actual employer contribution rate for fiscal years ending June 30, 2001 and 2000 was 10%. Under the provisions of Act 347 of the 1997 legislative session the Board of Trustees elected to freeze the employer contribution rate at the prior year higher level. The additional revenue generated will be used to reduce the frozen unfunded accrued liability while maintaining the original amortization payment schedule. As a result of the freeze in the employer direct contribution rate for fiscal 2001 the final scheduled payment on the system's frozen unfunded accrued liability was shortened by one year. Previous freezes had already shortened the remaining amortization period. As of June 30, 2001 the unfunded accrued liability will be fully amortized by June 30, 2026 and the final payment due in 2026 was reduced by \$736,373.

In accordance with state statute the Fund also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes and state revenue sharing funds. These additional sources of income are used as additional employer contributions.

Administrative costs of the Fund are financed through employer contributions.

Reserves:

Use of the term "reserve" by the Fund indicates that a portion of the fund balance is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Annuity Savings Fund:

The Annuity Savings Fund is credited with contributions made by members of the Fund. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this fund. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings Fund to the Annuity Reserve Fund. When a member retires, the amount of his accumulated contributions is transferred to the Annuity Reserve Fund to provide part of the benefits payable. The Annuity Savings Fund as of June 30, 2001 and 2000 is \$39,630,398 and \$37,119,333, respectively. The Annuity Savings Fund is fully funded.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

3. CONTRIBUTIONS, RESERVES AND FUNDS: (Continued)

B) Employer Reserve Fund:

The Employer Reserve Fund consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This fund is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve Fund to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Employer Reserve Fund as of June 30, 2001 and 2000 is \$149,148,779 and \$147,211,331, respectively. The Employer Reserve Fund is 44.22 and 50.70 percent funded as of June 30, 2001 and 2000, respectively.

C) Annuity Reserve Fund:

The Annuity Reserve Fund consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the fund from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this fund. The Annuity Reserve Fund as of June 30, 2001 and 2000 is \$86,697,964 and \$80,303,555, respectively. The Annuity Reserve Fund is fully funded.

D) Deferred Retirement Option Account:

The Deferred Retirement Option Account consists of the reserves for all members who upon eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, at which time the member may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option Account as of June 30, 2001 and 2000 is \$4,160,972 and \$4,796,903, respectively. The Deferred Retirement Option Account is fully funded.

4. ACTUARIAL COST METHOD:

The "Frozen Attained Age Normal" cost method was used to calculate the funding requirements of the Fund. Funding of pension plans under this method consists of two components. The first of these components is the Employer Normal Cost of the plan. In addition, amortization payments on the Fund's unfunded liability must be made. The actuarial present value of future normal cost is called the actuarial accrued liability. Act 81 of the 1988 legislative session requires that the unfunded accrued liability be amortized over a forty-year period beginning on July 1, 1989 with payments increasing at 4.75% per year.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

5. REQUIRED SUPPLEMENTARY SCHEDULES:

Information in the required supplemental schedules is designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits and is presented on pages 19-21.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2001 and 2000:

|                         | <u>2001</u>           | <u>2000</u>          |
|-------------------------|-----------------------|----------------------|
| Deposits (Bank balance) | \$ 1,332,347          | \$ 2,388,873         |
| Cash equivalents        | 7,896,591             | 11,846,672           |
| Investments             | <u>198,075,378</u>    | <u>199,653,315</u>   |
|                         | <u>\$ 207,304,316</u> | <u>\$213,888,860</u> |

Deposits:

The Fund's bank deposits were entirely covered by federal depository insurance and securities pledged. The pledged securities are held in joint custody with the Fund's bank.

Cash Equivalents:

Cash equivalents in the amount of \$4,042,464 consist of government pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP), held by a custodial bank and are in the name of the Fund.

Additionally, the Fund has cash equivalents consisting of government pooled investments in the amount of \$3,854,127. These funds are managed and held by a separate money manager and are in the name of the Fund.

Investments:

Statutes authorize the Fund to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the system to act with care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the Fund shall not invest more than fifty-five percent of the total portfolio in

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments: (Continued)

common stock. However, the Fund's internal investment policy states that the Fund shall not invest more than fifty percent of the total portfolio in common stock, with a permissible range of plus or minus 5%.

The Fund's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Fund or its agents in the Fund's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Fund's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Fund's name.

|   | <u>2001</u>           |                 | <u>2000</u>          |                 |
|---|-----------------------|-----------------|----------------------|-----------------|
|   | <u>Market Value</u>   | <u>Category</u> | <u>Market Value</u>  | <u>Category</u> |
| U.S. corporate bonds  | \$ 16,240,380         | 1               | \$ 6,646,858         | 1               |
| Mortgage-backed securities  | 15,545,057            | 1               | 17,080,980           | 1               |
| U.S. government bonds and notes   | 2,212,544             | 1               | 918,083              | 1               |
| Marketable securities   | 85,951,649            | 1               | 88,744,542           | 1               |
| Mutual fund   | 60,159,642            | N/A             | 56,319,102           | N/A             |
| Investments held by broker-dealers in which collateral may be reinvested:     |                       |                 |                      |                 |
| U.S. government bonds and notes   | 3,196,115             | N/A             | 9,719,824            | N/A             |
| Marketable securities   | 148,800               | N/A             | 4,063,408            | N/A             |
| U.S. corporate bonds  | 2,023,970             | N/A             | 1,032,973            | N/A             |
| Mortgage-backed securities  | 3,270,455             | N/A             | --                   | --              |
| Investments held by broker-dealers in which collateral may not be reinvested: |                       |                 |                      |                 |
| Marketable securities   | --                    | --              | 9,349                | 1               |
| U.S. Government bonds & notes   | 255,243               | 1               | --                   | --              |
| Collateral held under securities lending program - short term investment pool | <u>9,071,523</u>      | N/A             | <u>15,118,196</u>    | N/A             |
|   | <u>\$ 198,075,378</u> |                 | <u>\$199,653,315</u> |                 |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

7. SECURITY LENDING AGREEMENTS:

State statutes and board of trustee policies permit the Fund to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund entered into a contract with a company which acts as their third-party securities lending agent. The lending agent has access to the Fund's lendable portfolio or available assets, such as U.S. and non-U.S. equities, corporate bonds, and non U.S. government securities. Securities are loaned versus collateral that may include cash, U.S. government securities, and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. At year-end, the Fund has no credit risk exposure to borrowers because the amounts the Fund owes the agent exceed the amounts the borrowers owe the Fund. The contract with the Fund's agent requires it to provide borrower identification. The custodian's responsibility includes performing appropriate borrower and collateral investment credit analyses, demanding adequate types and level of collateral and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. All security loans can be terminated on demand by either the Fund or the borrower. Cash collateral is invested in one or more of the lending agent's investment pool, or separately in the case of Term Loans, in which the investments match the loan term. These loans can be terminated on demand by either lender or borrower. The relationship between the maturities of the investment pool and the Fund's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the Fund cannot determine. The Fund cannot pledge or sell collateral securities received unless the borrower defaults. There were no significant violations of legal or contractual provisions, or no borrower or lending agent default losses known to the securities lending agent.

The Fund has the following securities on loan:

|                                | <u>June 30, 2001</u><br>Market<br>(Carrying Value) | <u>June 30, 2000</u><br>Market<br>(Carrying Value) |
|--------------------------------|--|--|
| U.S. government notes and bond | \$ 3,451,358                                       | \$ 9,719,824                                       |
| Corporate bonds                | 2,023,970  | 1,032,973  |
| Mortgage backed securities     | 3,270,455  | --   |
| Marketable securities          | 148,800  | 4,072,757  |
|                                | <u>\$ 8,894,583</u>                                | <u>\$14,825,554</u>                                |

Securities on loan at June 30, 2001, for which the Fund received cash collateral, are presented as unclassified under footnote 6. Securities on loan as of June 30, 2001 for which the Plan received noncash collateral are presented as classified under footnote 6.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000

8. REIMBURSEMENT TO LOUISIANA CLERKS' OF COURT ASSOCIATION:

The Fund shares an office building, equipment, an automobile and other office expenses with the Clerks' of Court Association and Insurance Trust, two related parties. Most of the expenses, including the salaries of employees of all three funds, are paid out of the Association. The Fund reimbursed the Association for shared expenses for the years ended June 30, 2001 and 2000 in the amount of \$102,181 and \$101,867, respectively. The building is owned by the Association. There is no formal lease between the related parties.

9. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

10. PROPERTY, PLANT AND EQUIPMENT:

Changes in property, plant and equipment are as follows:

|                               | <u>2001</u>      | <u>2000</u>      |
|-------------------------------|------------------|------------------|
| Beginning balance             | \$ 94,719        | \$ 64,699        |
| Additions                     | 4,020            | 30,020           |
| Deletions                     | <u>--</u>        | <u>--</u>        |
|                               | 98,739           | 94,719           |
| Less accumulated depreciation | <u>(68,418)</u>  | <u>(62,004)</u>  |
|                               | <u>\$ 30,321</u> | <u>\$ 32,715</u> |

Depreciation expense for the years ended June 30, 2001 and 2000 was \$6,414 and \$2,749, respectively.

11. TAX QUALIFICATION:

Effective July 1, 1999, the Fund is a tax qualified plan under IRS Code Section 401(a).

12. RECLASSIFICATIONS:

For the year ended June 30, 2000, certain amounts have been reclassified to conform to the June 30, 2001 financial statements.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
SUPPLEMENTARY INFORMATION  
STATEMENTS OF CHANGES IN RESERVE BALANCES  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

|                                    | 2001                 |                     |                      |                       |                                    |                       |
|------------------------------------|----------------------|---------------------|----------------------|-----------------------|------------------------------------|-----------------------|
|                                    | ANNUITY<br>SAVINGS   | DROP                | ANNUITY<br>RESERVE   | EMPLOYER<br>RESERVE   | UNFUNDED<br>ACTUARIAL<br>LIABILITY | TOTAL                 |
| BALANCE - BEGINNING                | \$ 37,119,333        | \$ 4,796,903        | \$ 80,303,555        | \$ 147,211,331        | \$ (72,574,433)                    | \$ 196,856,689        |
| REVENUES AND TRANSFERS:            |                      |                     |                      |                       |                                    |                       |
| Employee contributions             | 4,913,927            | --                  | --                   | --                    | --                                 | 4,913,927             |
| Employer contributions             | --                   | --                  | --                   | 6,126,257             | --                                 | 6,126,257             |
| Net investment (loss)              | --                   | --                  | --                   | (2,994,243)           | --                                 | (2,994,243)           |
| Tax collector<br>contributions     | --                   | --                  | --                   | 3,817,239             | --                                 | 3,817,239             |
| Revenue sharing<br>contributions   | --                   | --                  | --                   | 322,194               | --                                 | 322,194               |
| Miscellaneous income               | --                   | --                  | --                   | 13,855                | --                                 | 13,855                |
| Transfer from Annuity<br>Savings   | --                   | --                  | 1,496,042            | --                    | --                                 | 1,496,042             |
| Transfer from Annuity<br>Reserve   | --                   | 1,160,968           | --                   | --                    | --                                 | 1,160,968             |
| Transfers from another<br>system   | 143,256              | --                  | --                   | 521,379               | --                                 | 664,635               |
| Actuarial transfer                 | --                   | --                  | 16,247,695           | --                    | --                                 | 16,247,695            |
|                                    | <u>5,057,183</u>     | <u>1,160,968</u>    | <u>17,743,737</u>    | <u>7,806,681</u>      | <u>--</u>                          | <u>31,768,569</u>     |
| EXPENDITURES AND TRANSFERS:        |                      |                     |                      |                       |                                    |                       |
| Refunds to terminated<br>employees | 1,050,076            | --                  | --                   | --                    | --                                 | 1,050,076             |
| Transfer to Annuity<br>Reserve     | 1,496,042            | --                  | --                   | --                    | --                                 | 1,496,042             |
| Transfer to DROP                   | --                   | --                  | 1,160,968            | --                    | --                                 | 1,160,968             |
| Pensions paid                      | --                   | --                  | 10,188,360           | --                    | --                                 | 10,188,360            |
| Administrative                     | --                   | --                  | --                   | 239,615               | --                                 | 239,615               |
| Depreciation                       | --                   | --                  | --                   | 6,414                 | --                                 | 6,414                 |
| DROP benefits                      | --                   | 1,796,899           | --                   | --                    | --                                 | 1,796,899             |
| Transfers to another system        | --                   | --                  | --                   | --                    | --                                 | --                    |
| Actuarial transfer                 | --                   | --                  | --                   | 5,623,204             | 10,624,491                         | 16,247,695            |
|                                    | <u>2,546,118</u>     | <u>1,796,899</u>    | <u>11,349,328</u>    | <u>5,869,233</u>      | <u>10,624,491</u>                  | <u>32,186,069</u>     |
| NET INCREASE (DECREASE)            | <u>2,511,065</u>     | <u>(635,931)</u>    | <u>6,394,409</u>     | <u>1,937,448</u>      | <u>(10,624,491)</u>                | <u>(417,500)</u>      |
| BALANCE - ENDING                   | \$ <u>39,630,398</u> | \$ <u>4,160,972</u> | \$ <u>86,697,964</u> | \$ <u>149,148,779</u> | \$ <u>(83,198,924)</u>             | \$ <u>196,439,189</u> |

2000

| ANNUITY<br>SAVINGS   | DROP                | ANNUITY<br>RESERVE   | EMPLOYER<br>RESERVE   | UNFUNDED<br>ACTUARIAL<br>LIABILITY | TOTAL                 |
|----------------------|---------------------|----------------------|-----------------------|------------------------------------|-----------------------|
| \$ 34,115,229        | \$ 4,165,576        | \$ 76,371,968        | \$ 131,408,008        | \$ (61,639,734)                    | \$ 184,421,047        |
| 4,790,034            | --                  | --                   | --                    | --                                 | 4,790,034             |
| --                   | --                  | --                   | 6,023,379             | --                                 | 6,023,379             |
| --                   | --                  | --                   | 7,879,843             | --                                 | 7,879,843             |
| --                   | --                  | --                   | 3,534,970             | --                                 | 3,534,970             |
| --                   | --                  | --                   | 322,210               | --                                 | 322,210               |
| --                   | --                  | --                   | 62,459                | --                                 | 62,459                |
| --                   | --                  | 1,209,973            | --                    | --                                 | 1,209,973             |
| --                   | 1,318,081           | --                   | --                    | --                                 | 1,318,081             |
| 280,165              | --                  | --                   | 815,963               | --                                 | 1,096,128             |
| --                   | --                  | 13,302,868           | --                    | --                                 | 13,302,868            |
| <u>5,070,199</u>     | <u>1,318,081</u>    | <u>14,512,841</u>    | <u>18,638,824</u>     | <u>--</u>                          | <u>39,539,945</u>     |
| 790,578              | --                  | --                   | --                    | --                                 | 790,578               |
| 1,209,974            | --                  | --                   | --                    | --                                 | 1,209,974             |
| --                   | --                  | 1,318,081            | --                    | --                                 | 1,318,081             |
| --                   | --                  | 9,263,173            | --                    | --                                 | 9,263,173             |
| --                   | --                  | --                   | 229,347               | --                                 | 229,347               |
| --                   | --                  | --                   | 2,749                 | --                                 | 2,749                 |
| --                   | 686,754             | --                   | --                    | --                                 | 686,754               |
| 65,543               | --                  | --                   | 235,236               | --                                 | 300,779               |
| --                   | --                  | --                   | 2,368,169             | 10,934,699                         | 13,302,868            |
| <u>2,066,095</u>     | <u>686,754</u>      | <u>10,581,254</u>    | <u>2,835,501</u>      | <u>10,934,699</u>                  | <u>27,104,303</u>     |
| <u>3,004,104</u>     | <u>631,327</u>      | <u>3,931,587</u>     | <u>15,803,323</u>     | <u>(10,934,699)</u>                | <u>12,435,642</u>     |
| \$ <u>37,119,333</u> | \$ <u>4,796,903</u> | \$ <u>80,303,555</u> | \$ <u>147,211,331</u> | \$ <u>(72,574,433)</u>             | \$ <u>196,856,689</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF INVESTMENTS  
 JUNE 30, 2001 AND 2000

|                            | JUNE 30, 2001        |                           |                      |
|----------------------------|----------------------|---------------------------|----------------------|
|                            | Par Value            | Original<br>Cost<br>Value | Market<br>Value      |
| BONDS:                     |                      |                           |                      |
| Government securities      | \$ 5,180,000         | \$ 5,682,801              | \$ 5,663,902         |
| Mortgage backed securities | 18,763,241           | 18,680,684                | 18,815,512           |
| Corporate bonds            | <u>18,525,000</u>    | <u>18,140,135</u>         | <u>18,264,350</u>    |
| TOTAL BONDS                | <u>\$ 42,468,241</u> | <u>\$ 42,503,620</u>      | <u>\$ 42,743,764</u> |
| STOCKS:                    |                      |                           |                      |
| Common stocks              |                      | <u>\$ 75,344,735</u>      | <u>\$ 86,100,449</u> |
| MUTUAL FUNDS:              |                      |                           |                      |
| Index Bond Fund            |                      | \$ 41,279,316             | \$ 42,906,423        |
| Wellington Trust           |                      | <u>19,101,838</u>         | <u>17,253,219</u>    |
| TOTAL MUTUAL FUNDS         |                      | <u>\$ 60,381,154</u>      | <u>\$ 60,159,642</u> |

|                            | JUNE 30, 2000        |                           |                      |
|----------------------------|----------------------|---------------------------|----------------------|
|                            | Par Value            | Original<br>Cost<br>Value | Market<br>Value      |
| BONDS:                     |                      |                           |                      |
| Government securities      | \$ 9,080,000         | \$ 10,514,404             | \$ 10,637,907        |
| Mortgage backed securities | 17,471,149           | 17,429,817                | 17,080,980           |
| Corporate bonds            | <u>8,005,000</u>     | <u>7,737,927</u>          | <u>7,679,831</u>     |
| TOTAL BONDS                | <u>\$ 34,556,149</u> | <u>\$ 35,682,148</u>      | <u>\$ 35,398,718</u> |
| STOCKS:                    |                      |                           |                      |
| Common stocks              |                      | <u>\$ 73,220,528</u>      | <u>\$ 92,817,299</u> |
| MUTUAL FUNDS:              |                      |                           |                      |
| Index Bond Fund            |                      | \$ 38,530,692             | \$ 38,538,135        |
| Wellington Trust           |                      | <u>15,370,437</u>         | <u>17,780,967</u>    |
| TOTAL MUTUAL FUNDS         |                      | <u>\$ 53,901,129</u>      | <u>\$ 56,319,102</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

|                         | 2001              | 2000              |
|-------------------------|-------------------|-------------------|
| PERSONAL SERVICES:      |                   |                   |
| Board Member - per diem | \$ 2,625          | \$ 3,225          |
| PROFESSIONAL SERVICES:  |                   |                   |
| Accountant              | 21,281            | 32,541            |
| Actuarial               | 20,208            | 20,280            |
| Legal                   | 57,004            | 45,315            |
| Program consultant      | 5,742             | 3,056             |
|                         | <u>104,235</u>    | <u>101,192</u>    |
| COMMUNICATION:          |                   |                   |
| Travel                  | <u>7,325</u>      | <u>3,633</u>      |
| OTHER:                  |                   |                   |
| Office supplies         | 5,700             | 3,509             |
| Bank charges            | 2,784             | 2,886             |
| Miscellaneous           | 130               | 526               |
| Postage                 | 16                | 564               |
| Repair and maintenance  | 1,789             | 2,519             |
| Meetings and seminars   | 2,477             | 3,859             |
| Archiving expense       | --                | 40                |
| Insurance               | 10,353            | 5,527             |
|                         | <u>23,249</u>     | <u>19,430</u>     |
| TOTAL EXPENSES          | <u>\$ 137,434</u> | <u>\$ 127,480</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF PER DIEM PAID TO TRUSTEES  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

The per diem paid to the trustees is an expenditure of the Fund. For 2001 the trustees received per diem at the rate of \$75.00 for attendance of a regularly scheduled meeting of the Board of Trustees. Per diem paid to the trustees for the years ended June 30, 2001 and 2000 are as follows:

| <u>TRUSTEE</u>    | <u>2001</u><br><u>NO. OF</u><br><u>MEETINGS</u> | <u>AMOUNT</u>   |
|-------------------|---|-----------------|
| Eugene Dunn       | 4   | \$ 300          |
| John Dahmer       | 5   | 375             |
| Gerald Herrington | 5   | 375             |
| Charlie Jagneaux  | 4   | 300             |
| Pat Gladney       | 3   | 225             |
| Russell Gaspard   | 4   | 300             |
| Janet Payne       | 5   | 375             |
| Louie Bernand     | 5   | 375             |
|                   |   | <u>\$ 2,625</u> |

| <u>TRUSTEE</u>    | <u>2000</u><br><u>NO. OF</u><br><u>MEETINGS</u> | <u>AMOUNT</u>   |
|-------------------|---|-----------------|
| John Dahmer       | 6   | \$ 450          |
| Gerald Herrington | 6   | 450             |
| Charlie Jagneaux  | 1   | 75              |
| Eldray Lemoine    | 5   | 375             |
| Russell Gaspard   | 3   | 225             |
| Thomas Le Blanc   | 6   | 450             |
| Frances Joyner    | 5   | 375             |
| Steven Crook      | 5   | 375             |
| Louie Bernand     | 6   | 450             |
|                   |   | <u>\$ 3,225</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES  
JUNE 30, 1996 THROUGH 2001

| <u>Fiscal<br/>Year</u> | <u>Actuarial<br/>Required<br/>Contributions<br/>Employer</u> | <u>Actuarial<br/>Required<br/>Contributions<br/>Other Sources</u> | <u>Percent<br/>Contributed<br/>Employer</u> | <u>Percent<br/>Contributed<br/>Other Sources</u> |
|------------------------|--|---|---|--|
| 1996                   | \$5,355,218  | \$3,087,027   | 101.01%                                     | 98.40%   |
| 1997                   | 4,881,962  | 3,155,534   | 109.79                                      | 104.89   |
| 1998                   | 4,084,984  | 3,514,962   | 127.82                                      | 101.60   |
| 1999                   | 3,733,045  | 3,853,775   | 147.05                                      | 96.20  |
| 2000                   | 4,170,640  | 3,923,685   | 144.42                                      | 98.30  |
| 2001                   | 4,210,101  | 4,027,007   | 145.51                                      | 102.79   |

The actuarially required contribution differs significantly from actual contributions made due to the board of trustees' election to freeze the employer contribution rate at a higher level (10%) than required. The effect of this election is to reduce the number of years over which payments on the frozen unfunded accrued liability will be required.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 1996 THROUGH 2001

| ACTUARIAL<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS | ACTUARIAL<br>ACCRUED<br>LIABILITY<br>(AAL) | UNFUNDED<br>AAL<br>(UAAL) | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>PERCENTAGE OF<br>COVERED PAYROLL |
|--------------------------------|---------------------------------|--|---------------------------|-----------------|--------------------|---|
| June 30, 1996                  | \$108,196,803                   | \$181,361,822                              | \$73,165,019              | 59.66%          | \$47,314,712       | 154.63%                                       |
| June 30, 1997                  | 125,103,154                     | 200,377,668                                | 75,274,514                | 62.43           | 48,901,964         | 153.93  |
| June 30, 1998                  | 143,131,403                     | 220,506,346                                | 77,374,943                | 64.91           | 51,914,476         | 149.04  |
| June 30, 1999                  | 168,274,548                     | 246,060,781                                | 77,786,233                | 68.38           | 55,025,037         | 141.36  |
| June 30, 2000                  | 191,573,966                     | 269,431,122                                | 77,857,156                | 71.10           | 58,317,401         | 133.51  |
| June 30, 2001                  | 202,157,690                     | 279,638,113                                | 77,480,423                | 72.29           | 61,034,631         | 126.95  |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 NOTES TO SCHEDULE OF CONTRIBUTIONS AND  
 SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 1996 THROUGH 2001

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

|                                   |   |
|-----------------------------------|---|
| Valuation Date                    | June 30, 2001   |
| Actuarial Cost Method             | Frozen Attained Age Normal Method   |
| Amortization Method               | In accordance with state statute, the payment amounts increase at 4.75% each year for the remaining amortization period. The amortization period is for a specific number of years. (Closed Basis) The required payment amount under the parameters of the current accounting standards produces a payment in the amount of \$4,524,477. This amount is approximately 7.76% higher than the amount required by state statute. The difference is not accounted for in the required supplemental schedules.                                 |
| Remaining Amortization Period     | 25 years  |
| Asset Valuation Method:           | Based on the market value of investment securities adjusted to smooth realized and unrealized capital gains or losses over a three-year period by deferring one-third of such gains or losses accrued in the prior fiscal year and two-thirds of such gains and losses accrued in the current fiscal year.  |
| Actuarial Assumptions:            |   |
| Investment Rate of Return         | 8%  |
| Projected Salary Increases        | 6.00%(3.25% Inflation, 2.75 Merit)  |
| Cost of Living Adjustments        | The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios and inflation indexes are met. General cost of living increases granted to all participants are financed through employer contributions. Cost of living increases granted to participants over age 65 are financed through investment earnings in excess of the valuation interest rate of 8%. |
| Changes in Actuarial Assumptions: | There was an increase in the DROP entry rate and an increase in the retirement rate. The effect of these changes was to increase normal cost in the amount of \$486,727 for the year ending June 30, 2002. The effect of the changes in years subsequent to June 30, 2002 cannot be determined.   |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2001

October 12, 2001

Louisiana Clerks' of Court  
Retirement and Relief Fund  
Board of Trustees  
11745 Bricksome Ave., Suite B-1  
Baton Rouge, LA 70816

We have audited the financial statements of Louisiana Clerks' of Court Retirement and Relief Fund, as of and for the year ended June 30, 2001, and have issued our report thereon dated October 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Clerks' of Court Retirement and Relief Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Clerks of Court Retirement and Relief Fund's Board of Trustees, Office of the Legislative Auditor of the State of Louisiana, and management of the Fund and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Chapman, Hogan & Maher LLP*



DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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October 12, 2001

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## SCHEDULES AND DATA COLLECTION FORM

### SECTION 1: SUMMARY OF AUDITOR'S REPORT

#### A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of the Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2001 and 2000 and have issued our report thereon dated October 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit as of June 30, 2001 resulted in an unqualified opinion.

#### B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS:

##### Internal Control:

Material weaknesses – None noted

Reportable conditions – None noted

##### Compliance:

Noncompliance material to financial statements – None noted

## SECTION 2: FINANCIAL STATEMENT FINDINGS

### A. PRIOR YEAR FINDING:

#### 00-01 – Reconciliation of Equity Accounts:

The system was not reconciling active member's balances (annuity savings balances) and Deferred Retirement Option Plan balances (DROP) sub ledgers to the general ledger. The activity within the active members balances and DROP balances should be reconciled with the activity that is reported in the general ledger. In addition, detailed ledgers consisting of the ending balances of annuity savings and DROP should be reconciled to the general ledger at year-end. We recommended that the Fund develop a procedure to reconcile the activity and ending balances to the general ledger on a timely basis. The Fund did reconcile the subledger (DROP and annuity savings) to the general ledger.